

FUJI OIL HOLDINGS INC.

FY2024Q3 Earnings Conference: Major Q&A

•Date/time	Feb 7, 2025 (Fri.) 16:00 - 17:00 (JST)		
•Speaker	Director and Senior Executive Officer	CFO (Chief Financial Officer)	Sunao Maeda

Q. Sales of vegetable fats for chocolate CBE are steady but, moving forward, is there an outlook for increased production? Also, what is your outlook for contributions from unit price factors?

A. This year, CBE sales were firm thanks to higher cocoa prices. Volume for the first nine months was 129% compared to the same period of the previous fiscal year and we anticipate CBE demand to remain strong moving forward. Regarding sales volume, we have the ability to increase production by advancing production optimization, which will enable us to respond to increasing demand. As for unit price, we are projecting a certain level of profit contributions driven by strong demand.

Q. You are projecting a significant improvement in Q4 operating profit excluding cocoa-related special factors at Blommer. What are the factors behind this improvement?

A. The company has continued to implement price revisions to reflect the higher cost of cocoa. During Q3, sluggish sales slowed the permeation of price revisions. However, during Q4, we expect to see the benefits of price revisions as sales progress, and thus are projecting an improvement in profitability. While there are concerns that stagnant market conditions could result in sluggish sales, our forecast is based on current sales progress.

Q. What is your outlook for Blommer cocoa-related special factors moving forward?

A. Concerning Valuation of Futures for cocoa-related special factors, losses increased during Q3 due to the higher cost of cocoa. However, we think the impact will decrease if the cocoa market trends stably moving forward. Looking at Costs on Switching Contract Month of Future, the futures contract spread (monthly price difference between the contracts) is on a downward trend and we are advancing efforts to reflect rollover costs in prices. As such, we expect to see the benefits of these measures as sales progress. Regarding Sales Timing Difference, sluggish sales volume resulted in a delay in the reduction of price differences. We intend to reevaluate conditions and explain our outlook at next fiscal year's earnings conference. Fluctuations in cocoa prices will continue to be a point of concern, but we are working to revise prices and strengthen our cocoa management, and feel that we are sufficiently responding to these concerns.

Q. What impact has there been due to rising palm oil prices?

A. We are appropriately revising prices to reflect cost fluctuations. While there is the possibility of transitional gains or losses, overall, we do not anticipate any significant impact on profit.

Q. How will you respond to the significant increases in working capital?

A. This increase is the result of higher cocoa prices and yen depreciation. The increase in interest-bearing debt is mainly attributable to increases in working capital and other factors. Cocoa prices continue to rise but we will respond through the contraction of the cocoa processing business and enhancing overall Group capital management.